GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:577
ANSWERED ON:31.08.2001
POLICY OF FDI
SAHIB SINGH VERMA

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the guidelines issued so far regarding foreign investment in those areas, which are not covered under the automatic approval list;

(b) the exent to which these guidelines have helped in increasing the Foreign Investment in India; and

(c) the total Foreign Investment proposal brought under the purview of these guidelines and accepted?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) to (c) : A statement is laid on the table of the house.

Statement referred to in reply to parts (a) to (c) of Lok Sabha Starred Question No.577 for answer on 31.8.2001.

(a) : As per the existing policy, Foreign Direct Investment(FDI) proposals attracting one or more of the following conditions require prior approval of Government for setting up operations in India:-

I) All proposals that require an industrial licence which includes
(i) an item requiring an Industrial Licence under the Industries (Development and Regulation) Act, 1951;
(ii) foreign investment being more than 24% in the equity capital of units manufacturing items reserved for small scale industries; and
(iii) all items which require Industrial Licence in terms of locational policy notified by Government under the new Industrial Policy of 1991.

II) All proposals in which the foreign collaborator has a previous venture/tie up in India. The modalities prescribed in Press Note No. 18 dated 14.12.1998 of 1998 series, shall apply in such cases.

III)All proposals relating to acquisition of shares in an existing Indian company in favour of a foreign/Non Resident Indian (NRI)/ Overseas Corporate Body (OCB) investor.

IV)All proposals falling outside notified sectoral policy/ caps or under sectors in which FDI is not permitted and/or whenever any investor chooses to make an application to the Foreign Investment Promotion Board(FIPB) instead of availing the automatic route.

Government notifies from time to time sector specific guidelines governing FDI in different sectors such as telecom, domestic airlines, atomic minerals, defence industry, integrated township development, broadcasting and satellite operations.

(b) : These guidelines have helped make the decision making process speedy and transparent leading to a higher level of investor confidence.

(c) 10,338 out of a total of 12,992 FDI proposals approved during the period 1991 to June 2001, are through Government route, which constitute 79.57% of the total approvals.